NCE WEEKLY
01 OF 01

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**Secret**

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# Economic Intelligence Weekly

**Secret**

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**The oil situation is now being covered mainly in *International Oil Developments*, published each Thursday morning.**

Note: Comments and queries regarding this publication are welcomed. They may be directed to Mrs. [redacted]

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ECONOMIC INTELLIGENCE WEEKLY

Articles

## EC: PLAN TO ASSURE RAW MATERIAL SUPPLIES MOVES AHEAD

The EC Commission plan to assure long-term supplies of key industrial commodities is expected to be submitted soon to member governments for approval. The current UN Special Session on raw materials is unlikely to produce an alternative plan acceptable to EC members.

Under the Commission's proposal, material supply guarantees would be incorporated into the preferential trade agreement being negotiated with associated African, Caribbean, and Pacific states. A similar proposal apparently has been prepared covering non-associated LDCs.

A Commission working paper gives the following details of the plan:

- A contractual agreement would guarantee quantities of specified commodities to be delivered to EC members, based on traditional trade flows;
- These commodities would be purchased at the world market price or at a previously agreed-upon minimum price, whichever is higher;
- Negotiations on specific products would be delayed until after an agreement in principle is signed; and
- The agreement would be renegotiable every two years.

This proposal is a revision of a plan batted about in the EC Commission for a year or so. The original aim was to stabilize LDC export earnings, particularly from agricultural products that periodically encounter soft markets. The new proposal also embraces industrial raw materials crucial to the EC. The associated countries alone supply 42% of the copper and 24% of the tin consumed by EC members.

At the UN session, Paris can be expected to favor sweeping multilateral actions to stabilize prices and supplies. Bonn apparently views such arrangements as ineffective and perhaps even disruptive. Although recent commodity developments have increased its concern over prices and supplies of badly needed raw materials, in a recent UNCTAD meeting West Germany opposed an international agreement on tungsten. Little is known concerning the new British government's stand on the question.

**EC Dependence on Imports**

| | Percent of Total Domestic Consumption | | |
|---|---|---|---|
| | Total Net Imports | Imports from LDCs | Imports from Associated States |
| Aluminum | 68 | 21 | 10 |
| Copper | 99 | 70 | 42 |
| Nickel | 100 | 19 | .... |
| Zinc | 75 | 23 | 4 |
| Tin | 94 | 99 | 24 |
| Lead | 85 | 33 | .... |

Because of the wide variety of approaches and the seriousness of the issues involved, the UN session almost certainly will not produce a concrete plan for world raw materials. Thus the EC countries probably will give serious attention to the latest Commission proposal. In its new guise, the proposal is less vulnerable to charges that it is a "giveaway program." In view of open US opposition to bilateral solutions to raw materials supply problems, London and Bonn are unlikely to approve any measures without prior consultation with Washington. Paris will continue to advocate an independent European approach to the matter. 25X1

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## CANADA PUSHES EXPORTS OF CAPITAL GOODS

Ottawa is sharply increasing funds available to promote capital goods exports. It intends to raise Export Development Corporation (EDC) ceilings on long-term loans and guarantees to $5.1 billion from $1.9 billion and on export credit insurance to $1.5 billion from $1.0 billion. By comparison, the United States, with capital goods exports 10 times as large as Canada's, has set a $20 billion ceiling on all these activities combined for its Export-Import Bank.

EDC export financing climbed to $500 million in 1973 and is expected to reach $1 billion this year. Aided by the EDC, capital goods exports have been growing 11% annually since 1969, to $2 billion in 1973. The ratio of outstanding EDC credits to annual capital goods sales will rise in 1974 to nearly 50%, compared with about 20% for the United States. EDC's financing terms are comparable with those of the Export-Import Bank, except that EDC tends to finance a somewhat larger share of an export sale.

While the bulk of capital goods exports goes to the United States, EDC financing has been particularly helpful in expanding sales to developing countries in competition with the United States and other industrial countries. Recent EDC deals with developing countries include:

- Lending $40 million to a Brazilian electric utility to purchase Canadian generating and transmission equipment for a hydroelectric project.

- Extending $48 million in credits to Mexico, of which $34 million will be used to buy Canadian steel-making equipment and services.

- Providing $82 million of a $132 million loan to Iran for purchase of Canadian equipment and services for an integrated forest products complex.

- Guaranteeing payment by Peru of $30 million to Canadian companies supplying construction and other equipment to a $150 million irrigation project.

During the next three to five years, Canada expects capital goods orders from developing countries to accelerate. It anticipates sizable orders for steel mill, mining, and telecommunications equipment. Sales of electric power generating and nuclear equipment are also likely to jump. Canada has already sold CANDU nuclear reactors to Argentina and South Korea, which has taken an option to purchase a second.

The new export credit ceiling illustrates Canada's policy of encouraging production and export of manufactured goods. The government has high hopes that the upcoming GATT negotiations will result in the removal of non-tariff barriers and wider markets for Canadian manufactured goods.

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## JAPAN: HOPING TO REVERSE TRADE DEFICIT

Tokyo hopes its accelerating export drive will reverse the first quarter trade deficit of $1 billion.

Overseas sales in January-March 1974 were a striking 40% above the same 1973 period, and similar growth seems likely for at least a few more months. Export prices are running 30% above a year ago, with volume 10% higher.

Exports to Southeast Asia in the first quarter were 80% above the first quarter of 1973, largely because of higher sales of steel, textiles, and machinery and equipment. Exports of chemicals, fertilizers, and other intermediate products to LDCs rose less rapidly. Exports to the United States, compared with the same month in 1973, were up 7% in January, 22% in February, and 50% in March. Most of the gain was in prices, although volume in certain items picked up momentum. In February, for example, motor vehicle shipments to the United States totaled 100,000 units, compared with a monthly average in 1973 of 70,000.

Because imports also have been picking up steam, Japan will find it difficult to achieve a trade surplus for the year as a whole. Imports in January-February were double the level of a year ago: oil imports tripled in value on a volume increase of only 4%; non-oil imports were up by two-thirds on a volume gain of 25%. Some of the non-oil import growth was a carryover from last year's acceleration of purchase orders resulting from traders' expectation of a further decline in the yen. Also, metals producers have been rebuilding stocks of raw materials which were in short supply last year.

Japan ran an estimated $150 million trade deficit with the United States in January-February, and purchases from the United States are still growing faster than sales to the US market. Most of the increase in purchases is due to higher prices. Imports from the United States are expected to slow later in the year, along with the general slowdown anticipated for non-oil imports. In 1974, Japan is likely to register a trade surplus with the United States at least equal to last year's $1.2 billion.

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## FUEL CRISIS SPURS EUROPEAN ENRICHMENT PLANT

Acceleration of European nuclear power programs in response to the energy crunch has improved prospects for Eurodif's planned $1.4 billion uranium enrichment plant. Indeed, Eurodif -- a consortium of firms in France, Italy, Spain, and Belgium -- is now discussing a one-third increase in the plant's capacity.

Orders and letters of intent from potential customers already exceed the capacity planned for the first year of operation. Prospective customers include the French state utility (Electricité de France), several Japanese power companies, and firms in Spain and Belgium. The Eurodif facility, scheduled to begin operation in 1979, will ultimately have a capacity of 9 million separative work units (SWU) of enrichment services -- worth nearly $450 million per year at the initially announced price. This capacity equals about one-quarter of the projected Free World market for enriched uranium in the early 1980s. The plant is to be located in southeastern France, near the Rhone, 47 miles south of Lyon.

Paris has stopped advocating a "buy European" policy, designed to protect European-produced enriched uranium from US and Soviet competition. When the Eurodif plant was announced in November 1973, some observers thought over-capacity could develop in Western Europe during the early 1980s. Urenco, a British - West German - Dutch consortium, already was building demonstration plants in anticipation of having full-scale facilities on line by 1980. Since last November, expanded plans for nuclear power development in several countries have boosted West European enrichment requirements. France alone will need 3 million SWU per year more than was previously projected for 1979-85.

Eurodif's timetable appears overly optimistic. For sale of services to start in 1979, not only must a portion of the enrichment plant be brought on stream within five years, but also at least one of the four nuclear reactors that will supply electricity to the plant must be operational. Light water reactors recently built in Western Europe have required about 4-1/2 years from start of construction to commercial operation, and Electricité de France does not plan to begin reactor construction until next year.

Eurodif's potential customers were to some extent encouraged to seek supply outside the United States as a result of tougher US contract terms announced in early 1973. But Western consumers of enriched uranium were primarily interested in finding a secure source of supply during the 1980s, when projected requirements for enrichment services will outstrip capacity in existence or planned. The capacity of existing US enrichment plants will be fully committed to domestic and foreign contracts by late 1974 or early 1975. [redacted] 25X1

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## ARAB INVESTMENT INSTITUTIONS AND POLICIES*

Sharp differences exist in the ability of Saudi Arabia, Kuwait, Libya, and the United Arab Emirates (UAE) to handle the massive buildup of their wealth. Foreign assets** of these states -- which have the largest Arab holdings -- will soar from $13 billion at the end of 1973 to $43 billion by yearend 1974, given current oil prices.

### Investment Institutions

The ability to manage the vast new sums differs among the states because of the varying attitudes and financial experience of the leadership.

- Kuwait -- which has had surplus funds since the early 1960s -- has the most sophisticated investment institutions in the Middle East.

- Governing institutions in both Libya and the UAE, unused to large scale operations and torn by conflicting objectives, are barely able to manage the growing foreign assets.

[redacted] 25X6

The head of state plays a major role in each country's investment process. This reflects the historical identity of the ruler's wealth with the country's wealth, as well as the simplicity of financial problems in bygone days. In Saudi Arabia and Kuwait, most investment decisions are made by one or two officials who are the rulers' principal financial advisers; the concentration of decision-making is almost as striking in Libya and the UAE:

- Anwar 'Ali in Saudi Arabia is financial adviser to the king and head of the Saudi Arabian Monetary Agency, which has operational control over practically all government foreign assets.

- 'Abd al-Rahman Salim al-'Atiqi in Kuwait is financial adviser to the Amir, Minister of Finance and Oil, and titular head of the central bank. 'Abd al-Latif al-Hamad, Managing Director of the increasingly important Kuwait Investment Company and the Kuwait Fund for Arab Economic Development, also plays a major role.

* This article is a gist of ER IR 74-9, *Arab Investment Institutions and Policies*, April 1974, [redacted] 25X1

** In this article, the term *foreign assets* is used to denote total foreign holdings, including foreign reserves, equities, and real estate, of the government and monetary authority.

- 'Abdallah Sa'udi in Libya is financial adviser to the Revolutionary Command Council and General Manager of the growing Libyan Arab Foreign Bank.

- John Butter in the UAE is financial adviser to Sheikh Zayid and Abu Dhabi's Director of Finance. Muhammad al-Habrush al-Swvaydi, Minister of State for Financial and Industrial Affairs both in the UAE and Abu Dhabi governments, also plays a major role.

The Arab states are now taking measures to lessen the severe strain on their decision-making capacity. A growing number of foreign-educated locals are being hired, better use is being made of foreign advisers, and communications systems are being modernized. Organizations are being set up to manage special categories of foreign assets. For example, Kuwait, Libya, and the UAE have each established an Arab development fund or bank. Improvement in financial management is slow compared with the growing influx of funds.

**Investment Policy**

A large share of foreign assets is held in liquid accounts in major banks. The proportion ranges from 65% for Saudi Arabia, the most conservative investor in the region, to 45% for Kuwait, the most aggressive. All countries are trying to increase the share of higher paying long-term assets in their portfolios. These efforts are constrained by the shortage of qualified financial specialists and, in some countries, by the residual preference for anonymity and highly secure assets.

Kuwait, Libya, and the UAE are providing increasing funds for development projects in the Arab world. Saudi Arabia also is expected to increase its commitment. Kuwait has been the only country (a) willing to invest heavily in loans by international organizations, such as the World Bank, or (b) actively seeking to create an international financial market in its own territory.

**Investment Location**

Most of Saudi, Kuwaiti, and UAE foreign assets are held in the United Kingdom. Because of higher British interest rates, the countries have concentrated their bank deposits in London – often in branches of US banks. A large share of other investments is also located in Britain. In 1972, prompted by continuing disagreements with the British, Qadhafi withdrew the substantial Libyan funds invested in London.

Ten to twenty percent of each country's assets are held in the United States. The composition varies considerably. Kuwait, for example, owns mainly real estate and equities; Libya, long-term bonds. The share of assets held in the United States declined slightly after the October war; Kuwaiti investment now has turned upward, and other Arab countries appear ready to increase their US holdings.

**Currency Composition**

Arab assets are well distributed among dollars, British sterling, and other holdings – mainly German marks and Swiss and French francs. Saudi Arabia maintains about 70% of its assets in dollars – the largest share of the four countries. This proportion will decline because Riyadh wants to diversify its portfolio as its wealth increases.

More than one-third of Kuwaiti and UAE foreign assets are in sterling because of longstanding economic and political ties with the United Kingdom, the continuing influence of British financial experts and institutions, and the high proportion of oil revenue received in sterling. A portion of these holdings is guaranteed by the British against exchange loss. The sterling guarantee is expiring; it is expected to be renewed on less favorable terms. Shares of holdings denominated in other currencies are increasing as investment in longer term assets grows.

| | Percent of Total Foreign Assets | | | |
|---|---|---|---|---|
| | Saudi Arabia | Kuwait | Libya | UAE |
| Dollars | 70 | 35 | 55 | 20 |
| British sterling | 5 | 35 | 0 | 40 |
| Other | 25 | 30 | 45 | 40 |

**The Financial Weapon**

The Arabs have not deliberately used their foreign assets as a political weapon with the single exception of Libya's sale of sterling in 1972. During the money market crisis in early 1973, Kuwait apparently converted $650 million to $1 billion into other currencies, primarily German marks. The UAE and Libya may also have converted some dollars into other currencies. The motivation for these sales was not punitive; rather, Arab officials, like other portfolio managers, were attempting to protect the value of their assets in a period of uncertainty. Indeed, they were somewhat less willing to desert the dollar than were money managers of multinational corporations.

Several Arab states, particularly Libya, made threats following the October war to convert their dollars into other currencies and to withdraw their holdings in the United States. However, no appreciable dollar conversions followed, even by Libya. The currency composition of foreign assets remained essentially unchanged. The movement of dollar holdings from the United States to Europe, particularly by Saudi Arabia, was probably motivated by fears of a possible US asset freeze in retaliation for the oil embargo, not by deliberate use of Arab funds as a weapon. [redacted] 25X1

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## Notes

### US-Bulgaria: Kaiser Starts to Roll

Recent visits to Bulgaria by the Vice Chairman of the Board of Kaiser Industries and teams of Kaiser experts have moved a number of high-priced projects closer to the starting line. The first project slated for intensive study is a $4 billion steel mill, scheduled to begin first-stage operations by 1979. This venture alone dwarfs the present value of US-Bulgarian trade, only $11 million in 1973. Kaiser also may help build an alumina plant, a major shipyard for tankers, and a cement plant. Most of these projects will involve the USSR as a silent partner; the USSR will provide ore and coke for the steel plant, refine the alumina, and purchase a number of the tankers. [redacted] 25X1

### Argentine Nuclear Plant Operational

The first nuclear powerplant in South America began commercial operation in late March at Atucha, Argentina. The 320-MW plant, fueled with natural uranium, was built under a turnkey contract with Siemens, a West German firm, and will supply electricity to Buenos Aires and surrounding provinces. Argentina plans at least four more natural uranium, heavy water reactors with a capacity of about 600 MW, each to be operational in the early 1980s. A contract for construction of the first of these was signed with a Canadian-Italian consortium in 1973. [redacted]

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**Soviet Potash for the United States**

An Occidental Petroleum subsidiary has purchased 100,000 tons of potash from the USSR. The order, worth about $3 million, will result in the first shipment of Soviet potash to the United States in 17 years. It may have been prompted by shipping difficulties in Canada, the source of two-thirds of the potash consumed in the United States. Potash supplies to the United States probably will be adequate through 1978, particularly since Canadian production capacity is not yet fully utilized. After 1978, US potash imports from the USSR could become substantial. [redacted]

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**India Reenters US Wheat Market**

Last week India purchased at least 250,000 tons of US wheat at $150-$155 per ton f.o.b. for shipment in July-August, after wheat becomes available from the new US crop. India has reentered the US market because of a poor spring crop and lower US prices. Last year the failure of India to buy US wheat in April-May turned out to be a costly error, as US wheat prices rose sharply during the summer. [redacted] 25X1

**Crop Losses in Brazil's Flood**

Brazil's recent floods caused little damage to major crops and livestock. The rice crop in southern Brazil was hardest hit; some rice probably will have to be imported this year. Since losses in the soybean areas were small, Brazil is still expected to harvest more than 6 million tons. No serious losses to the cotton, sugarcane, or cocoa crops in northeast Brazil have been reported. [redacted]

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**British Breeder Comes in Third**

The UK's 250-MW prototype fast breeder reactor at Dounreay, Scotland, went critical in the first week of March and is expected to produce power by early summer. The Soviet Union's 350-MW breeder at Shevchenko came in first, producing its first power last July, followed by the French 250-MW "Phenix" in December. Japan and West Germany have set 1978 as the target for completion of 300-MW prototypes. Each is expected to cost $500 million to $600 million, compared with $150 million for Phenix and $110 million for the Dounreay plant. The US 400-MW breeder will cost nearly $1 billion; it probably will not meet the 1980 target for operation, because of delays in the licensing process. [redacted] 25X1

**Argentina: Kidnappers Exact High Toll**

Argentine terrorists may have garnered more than $57 million in ransoms from 170 kidnappings since early 1973, about one-half from US firms. The wave of kidnappings is having a depressing effect on foreign investment, and the Argentine government is complaining that ransom payments are subsidizing subversion. [redacted] 25X1

**Romania to Inaugurate China Air Service**

TAROM, Romania's national airline, plans to begin a weekly scheduled service to Peking on 26 April. The airline's recently acquired Boeing 707s will be used on the new route, by far the longest in TAROM's international network. Next on TAROM's schedule is Bucharest-New York service to begin in early May [redacted] 25X1

## Publication of Interest

**The Economic Situation in South Vietnam, March 1974**
**(CIA ER IR 74-8, March 1974,** [redacted] 25X1

This monthly discusses: (1) a slowdown in the rate of inflation and two official exchange rate devaluations during March; (2) the impact of tight petroleum supplies and price rises on farming, fishing, and forestry; (3) the increasing availability of rural credit; and (4) progress in the local procurement of goods under US military aid.

Detachable

# INTERNAL ECONOMIC INDICATORS

## GNP*

Constant Market Prices

| | Latest Quarter | Percent Change from Previous Quarter | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | Previous Quarter |
|---|---|---|---|---|---|
| United States | 73 IV | 0.4 | 4.7 | 4.0 | 1.5 |
| Japan | 73 IV | 1.4 | 8.3 | 7.3 | 5.8 |
| West Germany | 73 IV | -0.1 | 3.1 | 3.4 | -0.3 |
| France | 73 III | 0.9 | 5.6 | 6.1 | 3.8 |
| United Kingdom | 73 III | 1.3 | 3.9 | 6.0 | 5.2 |
| Italy | 73 I | 0.8 | 3.1 | 5.2 | 3.4 |
| Canada | 73 IV | 2.8 | 6.1 | 7.2 | 11.6 |

## WHOLESALE PRICES

Industrial

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | 3 Months Earlier |
|---|---|---|---|---|---|
| United States | Mar 74 | 2.9 | 8.1 | 19.6 | 30.7 |
| Japan | Feb 74 | 3.9 | 11.3 | 37.0 | 89.7 |
| West Germany | Jan 74 | 2.7 | 5.9 | 10.6 | 20.5 |
| France | Feb 74 | 3.5 | 11.6 | 29.5 | 62.6 |
| United Kingdom | Mar 74 | 3.1 | 10.0 | 18.7 | 41.3 |
| Italy | Nov 73 | 1.6 | 9.0 | 21.1 | 17.5 |
| Canada | Dec 73 | 0.6 | 8.5 | 18.3 | 19.5 |

## INDUSTRIAL PRODUCTION*

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | 3 Months Earlier** |
|---|---|---|---|---|---|
| United States | Feb 74 | -0.6 | 4.8 | 1.6 | -4.0 |
| Japan | Feb 74 | -0.5 | 8.2 | 8.7 | -2.9 |
| West Germany | Jan 74 | -0.6 | 3.2 | 0.6 | -4.3 |
| France | Jan 74 | 4.6 | 7.0 | 4.6 | 3.4 |
| United Kingdom | Jan 74 | -6.7 | 0.1 | -7.0 | -17.7 |
| Italy | Jan 74 | 3.6 | 5.4 | 19.7 | 24.6 |
| Canada | Dec 73 | -0.1 | 6.3 | 4.7 | 9.9 |

## CONSUMER PRICES

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | 3 Months Earlier |
|---|---|---|---|---|---|
| United States | Feb 74 | 1.3 | 5.6 | 10.1 | 12.1 |
| Japan | Jan 74 | 4.3 | 10.2 | 23.1 | 41.9 |
| West Germany | Jan 74 | 0.7 | 6.2 | 7.4 | 11.8 |
| France | Feb 74 | 1.3 | 7.3 | 11.5 | 15.6 |
| United Kingdom | Feb 74 | 1.7 | 9.5 | 13.2 | 19.0 |
| Italy | Dec 73 | 1.4 | 7.7 | 12.5 | 14.5 |
| Canada | Feb 74 | 1.0 | 5.8 | 9.6 | 9.9 |

## RETAIL SALES*

Current Prices

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | 3 Months Earlier** |
|---|---|---|---|---|---|
| United States | Feb 74 | -0.7 | 9.8 | 6.0 | -3.4 |
| Japan | Nov 73 | 3.4 | 14.6 | 27.4 | 32.0 |
| West Germany | Dec 73 | 0.5 | 7.8 | 5.8 | 7.6 |
| France | Nov 73 | -2.4 | 5.6 | 15.2 | 20.1 |
| United Kingdom | Nov 73 | 0.7 | 12.1 | 14.8 | 21.9 |
| Italy | Aug 73 | 6.7 | 12.4 | 19.0 | 5.0 |
| Canada | Dec 73 | -0.9 | 10.6 | 13.7 | 9.3 |

## MONEY SUPPLY*

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since: 1970 | 1 Year Earlier | 3 Months Earlier** |
|---|---|---|---|---|---|
| United States | Mar 74 | 0.9 | 7.4 | 7.1 | 7.4 |
| Japan | Dec 73 | 0 | 17.5 | 16.7 | 14.7 |
| West Germany | Jan 74 | 0.1 | 8.9 | 0.6 | 9.8 |
| France | Dec 73 | 5.0 | 13.2 | 9.7 | 14.2 |
| United Kingdom | Feb 74 | -0.5 | 9.0 | 3.6 | 0.2 |
| Italy | Oct 73 | 1.6 | 20.7 | 23.0 | 21.4 |
| Canada | Feb 74 | 0 | 13.0 | 11.6 | 13.3 |

## MONEY-MARKET RATES

| | Representative Rates | Latest Date | Percent Rate of Interest: Latest | 1 Year Earlier | 3 Months Earlier | 1 Month Earlier |
|---|---|---|---|---|---|---|
| United States | Prime finance paper | 29 Mar | 8.00 | 6.63 | 8.00 | 7.25 |
| Japan | Call money | 15 Mar | 12.50 | 5.50 | 12.00 | 12.00 |
| West Germany | Interbank loans (3 Months) | 29 Mar | 11.38 | N.A. | 13.00 | 10.38 |
| France | Call money | 22 Mar | 11.88 | 7.25 | N.A. | 12.75 |
| United Kingdom | Local authority deposits | 29 Mar | 16.00 | 7.32 | 16.91 | 14.63 |
| Canada | Finance paper | 29 Mar | 9.00 | 5.13 | 9.50 | 8.50 |
| Euro-Dollars | Three-month deposits | 29 Mar | 10.00 | 8.63 | 10.13 | 8.88 |

***Seasonally adjusted.**
****Average for latest 3 months compared with average for previous 3 months.**

**10 April 1974**
**Office of Economic Research/CIA**

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# EXTERNAL ECONOMIC INDICATORS

## EXPORTS*
f.o.b.

| | Latest Month | | Cumulative | | |
|---|---|---|---|---|---|
| | | Million US $ | Million US $ 1973 | 1972 | Percent Change |
| United States | Feb 74 | 7,610 | 70,790 | 49,221 | 43.8 |
| Japan | Feb 74 | 3,631 | 35,989 | 27,910 | 28.9 |
| West Germany | Feb 74 | 6,467 | 67,643 | 46,725 | 44.8 |
| France | Feb 74 | 3,412 | 36,674 | 26,378 | 39.0 |
| United Kingdom | Feb 74 | 2,614 | 28,389 | 22,869 | 24.1 |
| Italy | Dec 73 | 2,553 | 22,240 | 18,622 | 19.4 |
| Canada | Jan 74 | 2,444 | 25,197 | 20,200 | 24.3 |

## IMPORTS*
f.o.b.

| | Latest Month | | Cumulative | | |
|---|---|---|---|---|---|
| | | Million US $ | Million US $ 1973 | 1972 | Percent Change |
| United States | Feb 74 | 7,390 | 69,076 | 55,553 | 24.3 |
| Japan | Feb 74 | 4,085 | 32,314 | 19,063 | 69.5 |
| West Germany | Feb 74 | 4,376 | 51,644 | 37,990 | 35.9 |
| France | Feb 74 | 3,714 | 35,272 | 25,250 | 39.7 |
| United Kingdom | Feb 74 | 3,589 | 33,885 | 24,619 | 37.6 |
| Italy | Dec 73 | [illegible] | 24,795 | 17,217 | 44.0 |
| Canada | Jan 74 | 2,226 | 23.304 | 18,851 | 23.6 |

## TRADE BALANCE*
f.o.b./f.o.b.

| | Latest Month | | Cumulative (Million US $) | | |
|---|---|---|---|---|---|
| | | Million US $ | 1973 | 1972 | Change |
| United States | Feb 74 | 220 | 1,714 | -6,332 | 8,046 |
| Japan | Feb 74 | -453 | 3,675 | 8,854 | -5,178 |
| West Germany | Feb 74 | 2,091 | 15,999 | 8,735 | 7,264 |
| France | Feb 74 | -303 | 1,402 | 1,129 | 273 |
| United Kingdom | Feb 74 | -975 | -5,495 | -1,749 | -3,746 |
| Italy | Dec 73 | -420 | -2,555 | 1,405 | -3,961 |
| Canada | Jan 74 | 218 | 1,892 | 1,414 | 478 |

## BASIC BALANCE**
Current and Long-Term-Capital Transactions

| | Latest Period | | Cumulative (Million US $) | | |
|---|---|---|---|---|---|
| | | Million US $ | 1973 | 1972 | Change |
| United States* | 73 IV | 200 | 1,186 | -9,838 | 11,024 |
| Japan | Feb 74 | -1,690 | -9,702 | 2,137 | -11,839 |
| West Germany | Feb 74 | 1,161 | 3,950 | 4,566 | - 616 |
| France | 73 IV | -352 | -2,391 | -369 | -2,022 |
| United Kingdom | 73 III | - 521 | - 1,840 | -1,252 | - 587 |
| Italy | 72 IV | 800 | N.A. | 2,983 | N.A. |
| Canada | 73 III | 238 | 267 | 574 | - 308 |

## OFFICIAL RESERVES

| | Latest Month | | Billion US $ | | |
|---|---|---|---|---|---|
| | End of | Billion US $ | Jun 1970 | 1 Year Earlier | 3 Months Earlier |
| United States | Feb 74 | 14.6 | 16.3 | 14.0 | 14.4 |
| Japan | Mar 74 | 12.4 | 4.1 | 18.1 | 12.2 |
| West Germany | Feb 74 | 32.0 | 8.8 | 29.7 | 34.1 |
| France | Mar 74 | 8.1 | 4.4 | 11.2 | 8.5 |
| United Kingdom | Mar 74 | 6.4 | 2.8 | 6.0 | 6.5 |
| Italy | Feb 74 | 5.4 | 4.7 | 6.4 | 6.1 |
| Canada | Mar 74 | 6.1 | 4.3 | 6.2 | 5.8 |

*Seasonally adjusted.
**Converted into US dollars at current market rates of exchange.
10 April 1974

## EXPORT PRICES
US $

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since 1970 | 1 Year Earlier | 3 Months Earlier |
|---|---|---|---|---|---|
| United States | Jan 74 | 0.6 | 10.2 | 26.6 | 27.5 |
| Japan | Nov 73 | -0.8 | 13.2 | 27.4 | 11.6 |
| West Germany | Dec 73 | -0.8 | 12.4 | 25.7 | -18.3 |
| France | Oct 73 | 2.9 | 15.9 | 31.9 | 15.7 |
| United Kingdom | Dec 73 | 0.1 | 8.7 | 17.3 | 12.4 |
| Italy | Oct 73 | 2.1 | 11.6 | 23.7 | 29.1 |
| Canada | Nov 73 | 4.9 | 9.5 | 22.5 | 42.9 |

## EXPORT PRICES
National Currency

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since 1970 | 1 Year Earlier | 3 Months Earlier |
|---|---|---|---|---|---|
| United States | Jan 74 | 0.6 | 10.2 | 26.6 | 27.5 |
| Japan | Nov 73 | 3.6 | 4.8 | 14.9 | 34.1 |
| West Germany | Dec 73 | 2.1 | 2.4 | 4.3 | 17.6 |
| France | Oct 73 | 1.8 | 6.6 | 10.7 | 34.9 |
| United Kingdom | Dec 73 | 3.1 | 9.8 | 18.8 | 33.4 |
| Italy | Oct 73 | 2.4 | 8.3 | 20.4 | 17.0 |
| Canada | Nov 73 | 4.6 | 8.0 | 24.5 | 40.1 |

## IMPORT PRICES
National Currency

| | Latest Month | Percent Change from Previous Month | Average Annual Growth Rate Since 1970 | 1 Year Earlier | 3 Months Earlier |
|---|---|---|---|---|---|
| United States | Jan 74 | 3.7 | 14.3 | 34.4 | 58.6 |
| Japan | Nov 73 | 3.7 | 4.6 | 19.8 | 31.0 |
| West Germany | Dec 73 | 4.7 | 3.3 | 13.8 | 54.2 |
| France | Oct 73 | -1.5 | 5.3 | 14.3 | 35.2 |
| United Kingdom | Dec 73 | 5.2 | 16.4 | 43.1 | 53.1 |
| Italy | Oct 73 | 3.4 | 14.0 | 38.7 | 30.8 |
| Canada | Nov 73 | 0.3 | 5.5 | 13.6 | 8.1 |

## EXCHANGE RATES Spot Rate
As of 5 April 74

| | US $ Per Unit | Percent Change from Dec 66 | 18 Dec 1971 | 19 Mar 1973 | 29 Mar 1974 |
|---|---|---|---|---|---|
| Japan (Yen) | 0.00358 | 29.90 | 10.38 | -5.76 | -1.13 |
| West Germany (Deutsche Mark) | 0.39420 | 56.80 | 27.04 | 11.32 | -0.38 |
| France (Franc) | 0.20620 | 2.13 | 4.72 | -6.44 | -1.62 |
| United Kingdom (Pound Sterling) | 2.39200 | -14.28 | -8.20 | -2.80 | 0.08 |
| Italy (Lira) | 0.00158 | -1.31 | -8.14 | -10.73 | -1.62 |
| Canada (Dollar) | 1.03020 | 11.69 | 3.25 | 3.26 | 0.18 |

## TRADE-WEIGHTED EXCHANGE RATES***
As of 5 April 74

| | Percent Change from Dec 66 | 18 Dec 1971 | 19 Mar 1973 | 29 Mar 1974 |
|---|---|---|---|---|
| United States | -16.92 | -7.53 | -0.88 | 0.38 |
| Japan | 18.45 | 4.63 | -7.32 | -1.04 |
| West Germany | 33.34 | 16.23 | 11.20 | 0.34 |
| France | -20.42 | -6.94 | -9.38 | -1.09 |
| United Kingdom | -33.29 | -19.13 | -4.77 | 0.52 |
| Italy | -22.62 | -21.30 | -14.42 | -1.04 |
| Canada | 8.41 | 1.82 | 3.46 | 0.30 |

***Weighting is based on each listed country's trade with 16 other industrialized countries to reflect the competitive impact of exchange-rate variations among the major currencies.